

Niti

*Developments in Tax Laws
August, 2025*



innergize

Solutions Pvt. Ltd.

*"Krishna controls the Finite and the Infinite with inconceivable supernatural transcendental force.
This is the power of inner energy."*

.....Bhagavad Gita



Section I – Direct Tax Laws

A. New Income-tax Rules on Salary and Perquisite Limits

<https://incometaxindia.gov.in/communications/notification/notification-no-133-2025.pdf>

The new Income-tax Rules introduced by Notification No. 133/ 2025 dated August 18, 2025, prescribes updated monetary thresholds for certain salary and perquisite provisions under the Income-tax Act, 1961. These changes were felt necessary since these remained unchanged for years and were considered outdated in light of rising incomes and costs of living.

The provisions related to salary and perquisite taxation for employees under Section 17(2) of the Income-tax Act have been significantly changed by these amendments, substantially revising longstanding threshold limits.

Previous Provisions

- For “specified employees” (Section 17(2)(iii)(c)):
 - The value of certain perquisites (e.g., use of employer’s car, domestic staff, club facilities) was taxable only if the employee’s salary exceeded Rs. 50,000 per annum.
 - Employees earning Rs. 50,000 or less in salary were generally not considered “specified employees,” and such perquisites were not taxed in their hands unless they were directors or had a substantial interest in the company.
- For overseas medical treatment exemption (Section 17(2) Proviso clause (vi)):
 - Tax exemption on employer-paid overseas medical treatment (including travel and stay for patient and attendants) was available only if the employee’s gross total income did not exceed Rs. 2 lakh in the relevant previous year.



Changes Brought In (From August 2025)

- For “specified employees”:
 - The salary threshold is now raised to Rs. 4,00,000 per annum, replacing the old Rs. 50,000 limit.
 - Now, only employees whose salary exceeds ₹4,00,000 in a year will be taxable for certain perquisites as “specified employees.”

Directors and those holding substantial interest remain always specified employees.

- For overseas medical treatment exemption:
 - The exemption is now available if the employee’s gross total income does not exceed Rs. 8,00,000 in the relevant year up from the prior Rs. 2 lakh ceiling.
 - This makes more employees eligible for tax-free employer-paid overseas treatment and related travel.



Section II – Some Reminders for September, 2025

Particulars		Due Date
Payment of	Tax Deducted at Source for the month of August, 2025	7 th September, 2025
	Provident Fund (includes EDLI) for the month of August, 2025	15 th September, 2025
	ESIC for the month of August, 2025	15 th September, 2025
	Second Instalment of Advance Tax FY 2025-26	15 th September, 2025
Filing of	GSTR- 1 for August, 2025 (turnover of more than or less than Rs. 5 crores)	11 th September, 2025
	GSTR-8 for August, 2025 [return to be filed by the e-commerce operators who are required to deduct TCS (Tax collected at source) under GST]	10 th September, 2025
	GSTR-7 for August, 2025 [return to be filed by the persons who is required to deduct TDS (Tax deducted at source) under GST]	10 th September, 2025
	Income Tax Return by Individuals, Hindu Undivided Families (HUFs), Association of Persons (AOPs), and Body of Individuals (BOIs) and Firms and LLPs whose accounts are not required to be audited under the Income-tax Act	15 th September, 2025 (extended due date – original due date 15 th July, 2025)
	GSTR - 3B for August, 2025 (turnover of more than Rs. 5 crores)	20 th September, 2025
	GSTR - 3B for August, 2025 (turnover up to Rs. 5 crores, depending on the state)	22 nd September, 2025
	Tax Audit Report with Income Tax Department	30 th September, 2025
	KYC of Directors/ Partners (DIR 3 KYC)	30 th September, 2025



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